

SAFETY NET FOR ABUSED PERSONS, INC.

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/17/10

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of financial position	4
Statement of activities	5
Statement of cash flows	6
Notes to financial statements	7-12
INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	14-15
Schedule of findings and questioned costs	16-18
Management's corrective action plan for current year findings	19
Summary schedule of prior year findings	20

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Safety Net for Abused Persons, Inc.
New Iberia, Louisiana

We have audited the accompanying statement of financial position of Safety Net for Abused Persons, Inc. (a non-profit organization) as of June 30, 2009 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Safety Net For Abused Persons, Inc. as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 28, 2009, on our consideration of Safety Net For Abused Persons, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part

of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Holder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Franklin, Louisiana
December 28, 2009

FINANCIAL STATEMENTS

SAFETY NET FOR ABUSED PERSONS, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2009

ASSETS

CURRENT ASSETS

Cash	\$ 47,391
Due from other agencies	<u>30,884</u>
Total current assets	<u>78,275</u>

FIXED ASSETS

Property and equipment, net	<u>174,177</u>
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OTHER ASSETS

Security deposit	<u>92</u>
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Total assets	<u>\$ 252,544</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Line of credit payable	\$ 15,955
Current portion of mortgage payable	9,386
Accounts payable	4,031
Accrued liabilities	<u>11,733</u>
Total current liabilities	<u>41,105</u>

LONG-TERM LIABILITIES

Mortgage payable, less current portion	<u>110,110</u>
Total liabilities	<u>151,215</u>

NET ASSETS

Unrestricted	98,106
Temporarily restricted	<u>3,223</u>
	<u>101,329</u>

Total liabilities and net assets	<u>\$ 252,544</u>
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The accompanying notes are an integral part of the financial statements

SAFETY NET FOR ABUSED PERSONS, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2009

	Unrestricted	Temporarily Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions	\$ 57,741	\$ -	\$ 57,741
Grant revenue	413,104	-	413,104
Fundraising events	27,629	-	27,629
Interest revenue	89	-	89
Miscellaneous revenue	342	-	342
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>2,475</u>	<u>(2,475)</u>	<u>-</u>
Total revenues, gains and other support	<u>501,380</u>	<u>(2,475)</u>	<u>498,905</u>
EXPENSES AND LOSSES			
Program expenses	475,852	-	475,852
General and administrative expenses	41,268	-	41,268
Fundraising expenses	<u>14,596</u>	<u>-</u>	<u>14,596</u>
Total expenses	<u>531,716</u>	<u>-</u>	<u>531,716</u>
Change in net assets	(30,336)	(2,475)	(32,811)
Net assets at beginning of year	<u>128,442</u>	<u>5,698</u>	<u>134,140</u>
Net assets at end of year	<u>\$ 98,106</u>	<u>\$ 3,223</u>	<u>\$ 101,329</u>

The accompanying notes are an integral part of the financial statements

SAFETY NET FOR ABUSED PERSONS, INC.

STATEMENT OF CASH FLOWS
Years Ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (32,811)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	13,969
(Increase) decrease in due from other agencies	7,050
Increase (decrease) in accounts payable	2,172
Decrease in accrued liabilities	<u>3,465</u>
Net cash used by operating activities	<u>(6,155)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment	<u>(20,823)</u>
Net cash used by investing activities	<u>(20,823)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Line of credit advances	11,000
Proceeds from borrowings	35,000
Principal payments on line of credit	(7,915)
Principal payments on mortgage payable	<u>(4,862)</u>
Net cash provided by financing activities	<u>33,223</u>

Net increase in cash 6,245

Cash at beginning of year 41,146

Cash at end of year \$ 47,391

SUPPLEMENTAL DATA

Interest paid \$ 9,188

The accompanying notes are an integral part of the financial statements

SAFETY NET FOR ABUSED PERSONS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1: Nature of Organization and Significant Accounting Policies

Nature of organization:

Safety Net For Abused Persons, Inc. (SNAP) is a non-profit organization that provides a wide range of services to victims of domestic violence. Its core service is providing shelter and support for victims and children. In addition, a 24-hour crisis line, individual assessment, and case management are provided. SNAP is also actively involved with community education including law enforcement training and support groups. SNAP coordinates domestic abuse intervention through the court system and provides mandated education for abusers.

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting.

The Organization is an exempt organization for Federal income tax purposes under Section 501(c)(3) of the Internal Revenue Code. However, certain fundraising activities of the Organization are not specifically exempt from income tax as further discussed in Note 10.

Significant accounting policies:

Support and expenses:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets in the statement of activities as net assets released from restrictions. The Organization relies heavily on grants (government and other) and general public donations to support its operations.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Allowance for doubtful accounts:

The Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is provided.

Property and equipment:

Purchased property and equipment are recorded at cost at the date of acquisition. Property and equipment purchased with grant funds are recorded as temporarily restricted contributions. In the absence of donor stipulations regarding how long the assets must be used, the organization has adopted a policy of implying a time restriction that expires over the useful life of the assets.

SAFETY NET FOR ABUSED PERSONS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 1: Nature of Organization and Significant Accounting Policies (Continued)

Depreciation is computed by the straight-line method based on the following estimated lives:

	<u>Years</u>
Buildings and improvements	27 ½
Furniture, equipment and vehicles	5 - 7

Compensated absences:

Employees of SNAP earn annual leave in varying amounts depending upon length of service. Sick leave is earned at the rate of one day a month. Upon termination, no payment is made for unused sick leave, but accrued annual leave is paid up to a maximum of 24 months of accrual. At June 30, 2009 and 2008, accrued annual leave totaled \$10,374 and \$6,918, respectively.

Donated services:

SNAP receives donated services from unpaid volunteers who assist in program services during the year; however, these donated services are not reflected in the statement of activity because the criteria for recognition under SFAS No. 116 have not been satisfied.

Cash and cash equivalents:

For the purposes of the statement of cash flows, SNAP considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Advertising:

Advertising costs are expensed as incurred. Advertising expense was \$0 in 2009.

Note 2: Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SAFETY NET FOR ABUSED PERSONS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 3: Due from Other Agencies

Due from other agencies consisted of the following at June 30, 2009:

State of Louisiana -	
USDA grant	\$ 3,025
OWS grant	14,879
CVA grant	9,142
VAWA grant	3,061
Other -	
Access to Justice	777
	<u>\$ 30,884</u>

Note 4: Natural Classification of Expenses

Expenses incurred were the following for the years ended June 30, 2009:

	Victim Support and Shelter	General and Administrative	Fundraising	Total
Salaries	\$ 303,738	\$ 27,250	\$ -	\$ 330,988
Payroll taxes	25,016	2,194	-	27,210
Depreciation	13,969	-	-	13,969
Dues and subscriptions	1,272	-	-	1,272
Insurance	58,150	1,517	-	59,667
Legal and accounting	-	4,500	-	4,500
Office	7,134	1,667	-	8,801
Outside services	1,440	-	-	1,440
Supplies	13,086	123	-	13,209
Telephone	5,107	567	-	5,674
Travel and conferences	8,338	-	-	8,338
Utilities	13,813	1,535	-	15,348
Repairs and maintenance	11,586	754	-	12,340
Interest	8,269	919	-	9,188
Other	4,934	242	14,596	19,772
	<u>\$ 475,852</u>	<u>\$ 41,268</u>	<u>\$ 14,596</u>	<u>\$ 531,716</u>

SAFETY NET FOR ABUSED PERSONS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 5: Property and Equipment

Property and equipment consisted of the following at June 30, 2009:

Land	\$ 55,880
Transportation equipment	19,111
Buildings and improvements	213,588
Furniture and equipment	<u>87,869</u>
	376,448
Less accumulated depreciation	<u>(202,271)</u>
	<u>\$ 174,177</u>

Note 6: Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at June 30, 2009:

Book value of equipment purchased with federal funds	<u>\$ 3,223</u>
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Note 7: Net Assets Released from Restrictions

Net assets were released from restrictions by incurring expenses satisfying the expiration of time for the year ended June 30, 2009:

Access to Justice	\$ 184
Office of Women's Services Program	<u>2,291</u>
	<u>\$ 2,475</u>

SAFETY NET FOR ABUSED PERSONS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 8: Summary of Grants/Contracts Funding

SNAP was funded through the following grants and contracts for the year ended June 30, 2009:

<u>Funding Source</u>	<u>Award Number</u>	<u>Recognized Support</u>
Louisiana Commission on Law Enforcement:		
Domestic Violence Program	C07-4-004	\$ 26,625
Domestic Violence Program	C08-4-004	21,335
Domestic Violence Program	M07-8-021	12,246
State of Louisiana:		
Office of Women's Services	CFMS #670251	221,013
Office of Women's Services	CFMS #673713	54,998
Office of Women's Services	CFMS #660842	13,000
Departments of Education Child and Adult Care Food Program	Agreement 99-635	18,775
United States Department of Agriculture:		
Emergency Food and Shelter Program	CFDA 97.024	7,500
Louisiana Bar Foundation:		
IOLTA Grant Program	2008-043	12,750
IOLTA Grant Program	2009-047	9,615
City of New Iberia:		
Emergency Shelter Grant Program	CFMS #665955	14,292
Lafayette Parish School Board		<u>955</u>
		<u>\$ 413,104</u>

Note 9: Line of Credit and Mortgage Payable

During the year ended June 30, 2009, SNAP entered into a line of credit agreement with a bank authorizing SNAP to borrow up to \$25,000 against the line of credit. Borrowings under the agreement are secured by the SNAP building and adjacent property and bear interest at a variable rate currently set at 4.75%. At June 30, 2009, SNAP had outstanding advances under the agreement totaling \$15,955. Repayment is monthly at the greater of \$250 or 1.5% of the outstanding credit advances at the date of payment. The agreement is due on demand but not later than October 1, 2013.

During the year ended June 30, 2009, SNAP refinanced its existing mortgage and obtained new money totaling \$35,000 to be used for asset acquisition and improvement. At June 30, 2009, the mortgage balance payable was \$119,496, bearing interest at the rate of 6.25%. The mortgage is payable in monthly installments of \$1,382, which includes interest, with a final payment of the entire unpaid balance of principal and interest due on February 15, 2019. The mortgage is secured by the SNAP building and adjacent property.

SAFETY NET FOR ABUSED PERSONS, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 9: Line of Credit and Mortgage Payable (Continued)

The following is a summary of debt payable at June 30, 2009:

Mortgage payable, beginning of year	\$ 89,358
Funds borrowed	35,000
Principal paid	<u>(4,862)</u>
Mortgage payable, end of year	119,496
Less current portion	<u>(9,386)</u>
Noncurrent portion	<u>\$ 110,110</u>

Maturities by year are as follows:

Year Ending June 30,	Amount
2010	\$ 9,386
2011	9,989
2012	10,632
2013	11,316
2014	12,043
2015-2019	<u>66,130</u>
	<u>\$119,496</u>

Note 10: Contingent Liabilities

SNAP receives grants for specific purposes that are subject to review and audit by the agency providing the funding. Such reviews and audits could result in expenses being disallowed under the terms and conditions of the grants. In the opinion of management, such disallowances, if any, would be immaterial.

INTERNAL CONTROL, COMPLIANCE AND OTHER MATTERS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Safety Net for Abused Persons, Inc.
New Iberia, Louisiana

We have audited the financial statements of Safety Net for Abused Persons, Inc. (a non-profit organization) as of and for the year ended June 30, 2009, and have issued our report thereon dated December 28, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of

there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the deficiencies described as items 2009-1 and 2009-2 in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the Organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, the Legislative Auditor will distribute this document as a public record.

Holder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Franklin, Louisiana
December 28, 2009

SAFETY NET FOR ABUSED PERSONS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Part 1: Summary of Auditor's Results

FINANCIAL STATEMENTS

Auditor's Report – Financial Statements

An unqualified opinion has been issued on the financial statements of the Safety Net for Abused Persons, Inc. as of and for the year ended June 30, 2009.

Significant Deficiencies – Financial Statements

Two significant deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements. Both significant deficiencies were considered to be material weaknesses.

Material Noncompliance – Financial Reporting

No material instances of noncompliance were noted during the audit of the financial statements.

FEDERAL AWARDS

This section is not applicable for the fiscal year ended June 30, 2009.

Part 2: Findings Related to an Audit in Accordance with *Government Auditing Standards*

2009-1 Inadequate Segregation of Duties

Finding: Accounting and financial functions are not adequately segregated.

Criteria: SAS 109, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, AU §314.43 defines internal control as follows:

“Internal Control is a process – effected by those charged with governance, management, and other personnel – designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

SAFETY NET FOR ABUSED PERSONS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended June 30, 2009

Additionally, Statements of Standards for Attestation Engagements (SSAE) AT §501.03 states:

An entity's internal control over financial reporting includes those policies and procedures that pertain to an entity's ability to record, process, summarize, and report financial data consistent with the assertions embodied in either annual financial statements or interim financial statements, or both."

Cause: Due to limited personnel performing administrative functions, the same person prepares checks, reconciles bank statements, enters information into the general ledger and prepares journal entries and posts to the general ledger.

Effect: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

Recommendation: The Organization's board is aware of this inadequacy and has concluded that the cost of hiring additional personnel to achieve complete segregation of duties would exceed its benefits. No additional response is deemed necessary.

2009-2 Application of GAAP (generally accepted accounting principles)

Finding: Management and staff lack the training and expertise in the selection and application of GAAP in the financial statement preparation process.

Criteria: SAS112, *Communicating Internal Control Related Matters Identified in an Audit*, AU §325.18, states in pertinent part:

"Deficiencies in the following areas ordinarily are at least significant deficiencies in internal control:

- Controls over the selection and application of accounting principles that are in conformity with generally accepted accounting principles. Having sufficient expertise in selecting and applying accounting principles is an aspect of such controls.

Furthermore, AU §325.32 identifies the following as a deficiency in the design of (internal) controls:

SAFETY NET FOR ABUSED PERSONS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended June 30, 2009

"Employees or management who lack the qualifications and training to fulfill their assigned functions. For example, in an entity that prepares financial statements in accordance with generally accepted accounting principles, the person responsible for the accounting and reporting function lacks the skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or preparing its financial statements."

Cause: The cause of the condition is the result of a failure to design or implement policies and procedures necessary to achieve adequate internal control.

Effect: Financial statements and related supporting transactions may reflect a material departure from generally accepted accounting principles.

Recommendation: The additional costs required to achieve the desired benefit may not be economically feasible.

Part 3: Findings and Questioned Costs Relating to Federal Programs

At June 30, 2009, the Safety Net for Abused Persons, Inc. did not meet the requirements to have a single audit in accordance with OMB Circular A-133, therefore this section is not applicable.

SAFETY NET FOR ABUSED PERSONS, INC.

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS
Year Ended June 30, 2009

2009-1 Inadequate Segregation of Duties

Condition: Accounting and financial functions are not adequately segregated.

Management's Response: No response is considered necessary.

2009-2 Application of GAAP (generally accepted accounting principles)

Condition: Management and staff lack the training and expertise in the selection and application of GAAP in the financial statement preparation process.

Management's Response: The Organization has evaluated the cost/benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Organization to outsource this task to its independent auditors, and will review, approve, and accept responsibility for the content and presentation of the statements and related notes prior to issuance.

SAFETY NET FOR ABUSED PERSONS, INC.

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2009

Section I. Internal Control and Compliance Material to the Financial Statements

There were no findings noted in the prior year report.

Section II. Internal Control and Compliance Material to Federal Awards

This section was not applicable.

Section III. Management Letter

The prior year's report did not include a management letter.